



Use of complementary currencies (CM), including a focus on the use of the legal figure of electronic money (EM), for co-production in public-private partnerships with agents of the social and solidarity economy, Jordan

MedTOWN Project

Co-production of social policies with social and solidarity economy actors to fight poverty, inequality and social exclusion.



Community of Practice:



Co-production, a model for fair and sustainable



QUESTIONNAIRE PROJECTS PHASES AND LOCAL PARTNERS. MEDTOWN PROJECT. 3rd LOT.

DEMOSTRATIVE ACTION. Name: Business incubator for People with disabilities (PWD) **MUNICIPALITY, REGION AND COUNTRY ACTION:** Dair Abi Said, Koura District, Jordan

BRIEF DESCRIPTION OF CONTEXT:

The regulatory framework in Jordan identifies electronic money transactions as the electronic information system that enables the sending, receiving and processing of payment and money transfer transactions in any currency, as well as clearing and settlement services, and the issuance and management of payment instruments.

There is no consideration for currency different from the legal tender previously authorised and there is no legal framework that applies to complementary currency.

ARRAY TO BE FILLED IN:

N°	ASPECTS TO BE REPORTED	ACTIONS	OTHER ACTIONS/ DISCLAIMERS	OTHER DISCLAIMERS
1 ¹	Existing applicable legislation governing CM and EM	The Electronic Payment and Money Transfer by law No. (111) of 2017 issued pursuant to the provisions of articles (21) and (22) of the Electronic Transactions Law No. (15) of 2015		There is no consideration for currency different from the legal tender regulated and there is no legal framework that applies for Complementary Currencies
2	Purpose of the regulation	The regulations identify the work procedures related to e-payment systems and ways to settle conflicts that may arise between parties engaged in an electronic money transfer, in addition to setting the conditions necessary to issue e-cheques.		
3 ²	Consideration-Theoretical	The electronic information system that		There is no regulation

¹ Especially related to the Social Solidarity Economy (SSE).

² Necessary for making comparative terms of equivalent concepts

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Definition CM and EM (According to regulation)	allows for sending, receiving and processing of payment transactions and money transfer in any currency, in addition to clearing and settlement services, as well as issuing and managing payment instruments.		definition for the Complementary Currency
4 Scope of application of CM and EM legislation	Supranational, State, Regional, Local	Both (public and private)	By state bylaw No. (111) of 2017 issued pursuant to the provisions of articles (21) and (22) of the Electronic Transactions Law No. (15) of 2015
5 Stakeholders Involved in CM and EM	<ul style="list-style-type: none"> - The Central Bank of Jordan shall oversee and supervise all electronic payment systems (PS) whether owned, administered, or operated by the CBJ, or by any other party. - Electronic payment systems are classified as follows: <ol style="list-style-type: none"> 1- Large-Value Payment Systems (LVPS): including payment systems with large-value, and systemically important payments such as (RTGS-JO). 2- Retail Payment Systems (RPS): represent payment systems with smaller values than largevalue payments, such as: <ol style="list-style-type: none"> 2.1. Electronic Check Clearing System (ECC). 2.2. Jordan Mobile Payment System (JoMoPay). 	<ul style="list-style-type: none"> - Electronic service providers (web development, applications, technical support) - Internet providers - Cyber security providers - Cyber security national institutions - Web graphists 	

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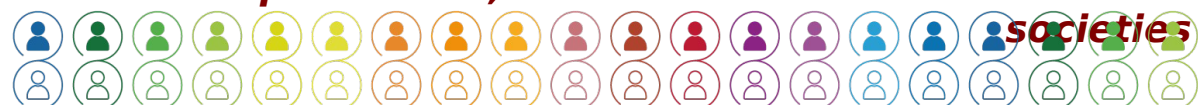
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	2.3. Card payment systems. 2.4. Electronic Bill Presentment and Payment System (eFAWATEERcom). 2.5. Automated Clearing House System (ACH). 3- The private and public banks 4- Trade and retail entities 5- Consumers 6- CSOs (consumers protection, etc) 7- Producers (industry, agriculture, etc) 8- Service providers 9- Cyber criminality fight institutions		
6	Administration - competent legislative body CM and EM	Central Bank of Jordan	Central Government.
7	Administration - competent executive body CM and EM	Central Bank of Jordan CBJ	The law establishing the CBJ stipulates that "the objectives of the Central Bank shall be to maintain monetary stability in the Kingdom, to ensure the convertibility of the Jordanian Dinar, and to promote the sustained growth of the Kingdom's economy in accordance with the general economic policy of the government."
8	Measures promoting or encouraging CM and EM	Yes	Bank of Jordan issued a guideline to assist any entity wishing to engage in any of the activities of electronic payment and money transfer services specified in the electronic payment and money transfer bylaw No. (111) for the year 2017 issued pursuant to the provisions of the electronic transactions law No. (15) of the year N.A.

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9 Other CM and EM related legislation	The CBJ shall assess the compliance of entities involved in any electronic payment and money transfer services activities with the standards and requirements of performing such activities: through ongoing supervision, requiring information of these entities, analysing these financial data related to all NPS components in order to ensure the soundness of their financial positions , monitor phenomena or trends which may request issuing recommendations or updating the related instructions, in addition to prepare periodic reports	2015. Relationship-Influence with ESS: N.A.	
10 Possibility of creating new CM and EM legislation	Bank of Jordan issued a guideline to assist any entity wishing to engage in any of the activities of electronic payment and money transfer services specified in the electronic payment and money transfer bylaw No. (111) for the year 2017 issued pursuant to the provisions of the electronic transactions law No. (15) of the year 2015, As this guideline provides all the information necessary to answer any queries related to the process of obtaining the necessary license from Central Bank of Jordan, within several interrelated stages starting with the stage before submitting the license application walking through the initial and final approval stages of the license and continuing them	Central Bank of Jordan (CBJ)	

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	<p>until after obtaining the necessary license to practice any activity related to electronic payment and money transfer services</p>		
<p>11 Possibility to amend existing legislation CM and EM</p>	<p>According to the Constitution of the Hashemite Kingdom of Jordan,</p> <p><u>Article 91:</u></p> <ul style="list-style-type: none"> - <i>The Prime Minister shall refer to the Chamber of Deputies any draft law, and the Chamber shall be entitled to accept, amend, or reject the draft law, but in all cases the Chamber shall refer the draft law to the Senate. No law may be promulgated unless passed by both the Senate and the Chamber of Deputies and ratified by the King</i> <p><u>Article 95:</u></p> <ul style="list-style-type: none"> - <i>* Any ten or more Senators or Deputies may propose any law. Such proposal shall be referred to the committee concerned in the House for its views. If the House is of the opinion that the proposal be accepted it shall refer it to the Government for drafting it in the form of draft law, and to submit it to the House either during the same session or at the following</i> 	<p>CBJ / Prime Ministry / Parliament</p>	

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	<p><i>session.</i></p> <ul style="list-style-type: none"> - <i>Any law proposed by Senators or Deputies in accordance with the preceding paragraph and rejected by either House shall not be presented for a second time during the same session.</i> <p><i>* As amended in the Official Gazette No. 1380 of 4/5/1958.</i></p>		
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<p>12 Problem Identification/Regulatory implementation CM and EM</p>	<p>Risk of consumers losing funds if their bank failures. As noted, there are no provisions to ensure individual funds held in mobile wallets are protected in the event of bank failure. However, Central Bank of Jordan (CBJ) is working to mitigate this risk. CBJ plans to release consumer protection by-laws that will address many of these issues. It is also in the process of establishing a dedicated department for consumer protection.</p> <p>There is no general legislation relating to consumer protection in Jordan and no specific financial consumer protection regulations. Customers who hold bank accounts are covered by the 2012 Instructions on Dealing with Customers Fairly and Transparently (no.56/2012), which mandates activities such as transparency of fees and interest rates, disclosure of terms and agreements before the client enters into a relationship with the bank, and the establishment of a</p>	<p>Overall, the regulatory environment for issuing e-money in Jordan is sound. The recent amendment to the CBJ law (article 50) and the issuance of the 2017 instructions requiring settlement accounts to be held in escrow and the subsequent cancelling of the bank guarantee mean that protection of customer funds is proportionate and robust. However, there remains some risk to the safety of consumer funds in the event of bank failure, given the scope of the country’s deposit protection scheme and the lack of settlement account diversification rules.</p> <p>Consumer protection and transparency present big challenges, and adherence to international standards of consumer protection is very important, particularly for lower-income groups that have low levels of financial literacy. While CBJ has identified consumer protection as an area that requires attention, effective legislation must be developed in the short term to ensure that consumers are protected as soon as possible. It also is important to recognize that consumer protection is a broader issue</p>	
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	consumer complaints procedure. Articles (73), (74), and (75) of the Banking Law (no.28/2000) provides for data protection and privacy.	throughout Jordan and that it is not limited to e-money issuance or payments services. As the sector continues to grow and use increases, it will be important to ensure robust ongoing oversight of the sector, and CBJ must continue to foster an environment of open dialogue and consultation with industry and SSE players.	
13 CM, EM and other regulations applicable to the Demonstration Action (Concrete Project)	Bank of Jordan issued a guideline to assist any entity wishing to engage in any of the activities of electronic payment and money transfer services specified in the electronic payment and money transfer bylaw No. (111) for the year 2017 issued pursuant to the provisions of the electronic transactions law No. (15) of the year 2015.		
14 Are there other forms of currencies other than legal tender or are they prohibited?	No	Registration should be obtained from the Central Bank of Jordan, with an approval from the prime ministry.	Yes, the current legal tender is accepted by the public sector and by the private sector and individuals
15 Are there any financial services other than legal tender provided by financial institutions?	PSPs institutions that registered and approved by the Central Bank of Jordan (CBJ). They are not related to SSE.	The Electronic Payment and Money Transfer Bylaw No.(111) of 2017 issued pursuant to the provisions of articles (21) and (22) of the Electronic Transactions Law No.(15) of 2015.	They are accepted by the public sector and by the private sector and individuals
16 Apart from the State/Government and associated banks (Central Banks) are there other	No		

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	institutions that can issue legal tender and electronic money?		
17	Are the services paid for with these local currencies (Complementary Currency Systems, CCS) subject to VAT, social security or other similar taxes and charges?	For the electronic money	Indicate which services would not be taxed, if any, or free of which specific charges and taxes.
18	Is there any kind of legal security (insurance) coverage backing local currency and e-money related to the SSE?	Yes, this is through CBJ	Overall, the regulatory environment for issuing e-money in Jordan is sound. The recent amendment to the CBJ law (article 50) and the issuance of the 2017 instructions requiring settlement accounts to be held in escrow and the subsequent cancelling of the bank guarantee mean that protection of customer funds is proportionate and robust. However, there remains some risk to the safety of consumer funds in the event of bank failure, given the scope of the country's deposit protection scheme and the lack of settlement account diversification rules.
19	Is there an inventory, ledger or similar document that records and preserves transactions based on local currency?	Credit analysis for Medium and Small Enterprises (MSEs) represents a significant barrier to financial inclusion as a result of both supply-side and demand-side factors. Unless MFIs are using the graduated lending approach, they are	It is rare for Mobile Financial Institutions (MFI) clients to maintain standardized financial records; at best, MFIs can hope for some partial records of sales or inventories kept in notebooks that can be used as a basis for making calculations. Frequently, MFI staff are

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		typically expending considerable time and effort to produce financial statements on behalf of clients using whatever information is available.	simply interviewing the applicants and relying on their memory and honesty to obtain the necessary data.	
20	Other issues to highlight	Issues considered relevant with respect to the regulations governing CMs and Ems are N.A.		

CHALLENGES & RECOMMENDATIONS:

Despite the efforts of Central Bank of Jordan and other financial institutions to stable the financial sector, there is a lack of trust in financial institutions and this has resulted in using of cash, which is still dominant instead of electronic payments.

MEASURES TO BE IMPLEMENTED:

Increasing the population’s awareness on EM.

OTHER INTERESTING SUGGESTIONS/NOTES:

MedTown experience in introducing a social complementary currency, in partnership with project’s stakeholders will be a good example to be shared and adopted at different levels.

IDENTIFIED CONFLICTING ISSUES (if any):

N.A.



EXAMPLES OF ACTIONS DEVELOPED IN THE FIELD OF SSE IN THE COUNTRY, REFERENCES AND HOW THEY HAVE BEEN DEVELOPED (if any):

N.A.

